

Labour death tax to hit one in five

Picture: STEVE FINN

EXCLUSIVE

By **Caroline Wheeler** POLITICAL EDITOR

A FIFTH of households would be hit by a Labour death tax, Chancellor Philip Hammond has warned.

Jeremy Corbyn's plans to reduce the inheritance tax threshold would immediately affect 3.9 million of the 25 million homes in England, Tory analysis has revealed.

A further one million households would be forced to pay the tax by 2022 because of rising house prices. That would take the total to 4.9 million properties, just under 20 per cent of households.

The Labour proposal, set out in an appendix to the party's manifesto, means families would pay a 40 per cent tax rate on the value of a deceased relative's home if it is worth more than £425,000.

This would reverse Tory changes to the tax, which allow a maximum of £850,000 in a family property to be passed on to children.

Last night Mr Hammond attacked the plans, which he said would punish ordinary families. "By reducing the inheritance tax allowance to £425,000 about 3.9 million homes owned by people who have worked hard all their lives, who have



WARNING: Chancellor Philip Hammond attacks Labour's inheritance tax plans

prices were to rise in line with forecast inflation over the next five years, then by 2022, 61 per cent of all homes in London (2.1 million) would be liable for inheritance tax, according to the analysis.

In Mr Corbyn's Islington constituency in north London, three out of four families would have to pay the tax.

In Oxford 38.7 per cent would be hit, while in Cambridge it would be 48 per cent, in Chichester 34.7 per cent, in Brighton 27.8 per cent and St Albans 61.1 per cent.

In contrast, the Conservatives intend to increase the inheritance tax threshold from the £850,000 couple's allowance to £1million by 2021.

Mr Hammond said: "We are a party that believes in keeping tax low. Labour are a party that believes in raising taxes as a matter of policy."

Answering criticism that the Conservatives did not spell out any details of their taxation plans in the party's manifesto published on Thursday, the Chancellor added: "Prior to the 2015 manifesto, it's always been the case that parties do not make explicit commitments on individual taxes. Our commitment to the electorate is that you can trust us to keep taxes as low as possible."

Mr Hammond also criticised Labour's commitment to raise corporation tax to 26 per cent by 2020, which he described as dangerous and wrongheaded.

"We have reduced corporation tax from 28 per cent to 19 per cent and it will go to 17 per cent by the end of the decade," he said.

"Over that time we have seen the amount of money we receive from corporation tax increase significantly. Lowering corporation tax not only increases the

amount of tax we take, it also increases investment in the economy and the number of jobs that are created.

"Labour's plan would reduce the amount of tax we take, reduce the number of jobs in the economy and kill investment by both British and foreign businesses.

"The signal we need to send to the world as we go through the Brexit process is an open door to industry and investment from around the world.

"You can't do that with high corporation tax. The irony is Labour has spent 12 times over the money they claim they would receive from an increase in corporation tax when in fact we know they probably wouldn't receive any more money at all

'You can trust us to keep taxes as low as possible'

saved and struggled to put something by, will be punished by this tax," he said.

"But the real bombshell is that there is no provision in these proposals for inflation. So if property rises just in line with ordinary inflation – and we all know what has happened to property prices in the past – over the course of the Parliament another million properties would be brought inside the inheritance tax threshold, meaning it would hit almost 20 per cent of all homes in England and Wales.

"That was never the intention of inheritance tax, which was meant to be a tax on high value estates. To bring it down to that kind of level is just wrong.

"It hits people who have done the right thing and instead of spending their money on exotic holidays have improved their homes or have saved up to move on and buy a better home."

Mr Hammond added: "In my constituency of Chertsey in Surrey, people who bought their three-bedroom council house could well find that they will pay inheritance tax on it, which is ridiculous." If house

'We are not going to take the British people for granted'

from increasing corporation tax because they will drive business investment out of this country."

Mr Hammond said the Government was already preparing the groundwork for a post-Brexit trade deal with the US.

"It is quite astonishing how broad the consensus is in the US in favour of doing a deal with the UK," he said.

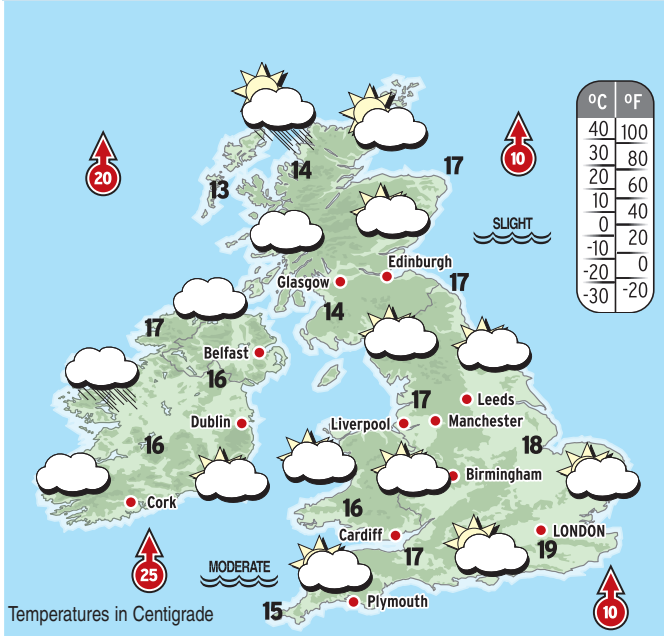
As for his own future, which was brought into question last week amid claims of angry clashes over policy, the Chancellor remained tight-lipped.

"We are focused on winning the general election," he said. "To sit here now talking about who's going to do what jobs, how we are going to divide up the spoils, would be presumptuous. It would be taking the British people for granted and we are not going to do that."

**FULL ELECTION COVERAGE: PAGES 12-15
OPINION: PAGE 30**

Weather forecast

In association with **flamingo LAND**



TODAY'S SUMMARY

North West: Sunny intervals and variable cloud. A few showers. Moderate southerly winds. High 18C (64F).

Northern Ireland: A cloudy morning with drizzle. Brighter in the afternoon. Moderate southerly winds. High 17C (63F).

Wales: Bright with sunny spells. A few showers. Moderate southerly winds. High 18C (64F).

Midlands: Largely dry with some sun but a good deal of patchy cloud. Gentle south-westerly winds. High 18C (64F).

North East/Yorks: Bright with some sunny intervals. Cloudier at noon. Gentle south-westerly winds. High 18C (64F).

Scotland: Fairly cloudy in the west with patchy rain. Some sun in the east. Moderate southerly winds. High 17C (63F).

UK OUTLOOK TOMORROW: Dry with warm sunshine for much of England and Wales. A few showers in the north. Cloudier with showers in Northern Ireland and Scotland.

East Anglia: Dry with sunny periods, although more cloud later. Gentle south-westerly winds. High 18C (64F).

London/South East: A dry day with spells of hazy sunshine and cloud. Gentle easterly winds. High 20C (68F).

South: A dry day with sunny intervals and variable amounts of cloud. Gentle south-easterly winds. High 18C (64F).

South West: Dry and fine with sunny spells and patches of cloud. Moderate south-easterly winds. High 18C (64F).

Channel Isles: It is set to be dry and fine with lengthy spells of sunshine. Moderate easterly winds. High 18C (64F).

Sea: North Sea: Slight. Irish Sea: Moderate. Channel: Slight.

THE WEEK AHEAD

	MON	TUE	WED	THU	FRI	SAT
	min max	min max	min max	min max	min max	min max
London	12 23	13 22	13 23	11 22	10 20	12 22
Belfast	11 16	13 18	12 18	11 20	12 21	11 20
Birmingham	11 21	11 20	11 21	11 22	10 21	11 21
Cardiff	12 19	13 17	12 19	13 21	11 20	13 20
Glasgow	11 17	12 16	11 16	10 19	13 20	11 21
Manchester	10 20	12 18	11 19	10 21	11 21	10 22
Newcastle	10 20	13 18	11 18	9 15	10 17	10 19
Norwich	11 22	12 24	11 23	8 19	8 17	10 21
Plymouth	10 17	12 17	12 18	13 19	12 17	12 17

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2 19 23 32 48 21

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JACKPOT £22.9 MILLION
7 8 13 29 43 53 BONUS BALL 16

THUNDERBALL
1 14 18 30 34 THUNDERBALL 11